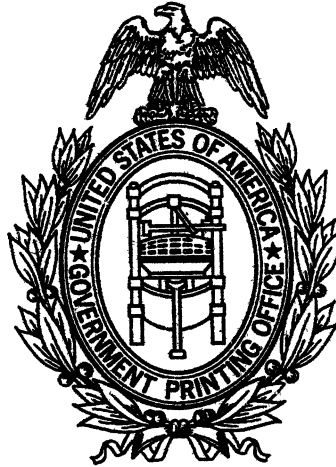


United States Government Printing Office

OFFICE OF INSPECTOR GENERAL

**SEMIANNUAL REPORT
TO THE CONGRESS**



April 1, 1999 through September 30, 1999

**U.S. GOVERNMENT PRINTING OFFICE
OFFICE OF INSPECTOR GENERAL**

**SEMIANNUAL REPORT TO THE CONGRESS
OCTOBER 29, 1999**

**REPORTING PERIOD
APRIL 1, 1999 – SEPTEMBER 30, 1999**

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HIGHLIGHTS OF THE SEMIANNUAL REPORT

The Office of Inspector General (OIG) audit, investigative, and other activities during this reporting period resulted in the following accomplishments.

- **OIG investigations conducted during the current and prior reporting periods resulted in approximately \$81,000 in restitutions, recoveries and fines. One subject pled guilty in court and received 365 days probation. The Office of Investigations (OI) made two arrests during this reporting period.**
- **The OIG is working with the U.S. Department of Justice in two separate matters involving prior OI investigations into the alleged brokering of contracts, and the submission of false claims/statements by GPO contractors. In one matter, a settlement offer in the amount of \$300,000 is pending final resolution by the Office of the U.S. Attorney. The contractor remains suspended from doing business with the Government.**
- **With the increased attention on “computer hacking,” an OI Special Agent has received specialized training in the detection and investigation of matters related to computer crimes. The OI will take a more active role in detecting and investigating these crimes in the future.**
- **The OIG Office of Audits (OA) issued four audit reports pertaining to processing formal EEO complaints, internal controls over the Laurel Retail Sales Outlet, management controls in the Office of Information Resources Management, and a contract audit questioning \$13,772 in unsupported costs.**
- **Three OIG employees were awarded the President’s Executive Council on Integrity and Efficiency (ECIE) Award for Excellence for their parts in a joint OI-OA investigation into the embezzlement of approximately \$35,000 by the GPO Disbursing Officer, which resulted in her conviction in Federal court.**
- **The OIG provided liaison and assistance in connection with an audit of GPO’s FY 1998 financial statements. The OIG continues to serve as the Contracting Officer’s Technical Representative (COTR) for GAO in a contract with KPMG, LLP to audit the FY 1999 financial statements.**

INTRODUCTION

A. THE GOVERNMENT PRINTING OFFICE

For more than a century, GPO's mission under the public printing and documents statutes of Title 44, U.S. Code, has been to fulfill the needs of the Federal Government for information products and to distribute those products to the public.

Formerly, GPO's mission was accomplished through the production and procurement of traditional printing technologies. However, a generation ago GPO began migrating its processes to electronic technologies, and in 1993 Congress amended Title 44 with the GPO Electronic Information Access Enhancement Act (P.L. 103-40), which requires GPO to disseminate Government information products online. This Act is the basis of GPO Access, the GPO Internet information service.

Today, GPO is dedicated to producing, procuring and disseminating Government information products in a wide range of formats - print, CD-ROM, and online. In GPO the Government has a unique asset that combines a comprehensive range of conventional production and electronic processing, procurement facilitation, and multi-format dissemination capabilities to support life cycle needs of Congress, Federal agencies, and the public:

- GPO provides print and electronic information products and services to Congress and Federal agencies through in-plant processes and the purchase of information products from the private sector. For Congress, GPO maintains a capability to fully support the information products needs of the legislative process, working in close cooperation with leadership offices, committees, Members, and staffs in each Chamber.
- GPO disseminates Government information to the public in print and electronic formats through a low-priced sales program and a reimbursable program, and to Federal depository libraries nationwide where the information may be used by the public free of charge. GPO catalogs and indexes Government information products so they can be identified and retrieved by users.
- GPO also disseminates a massive volume of information online via the Internet with GPO Access. Recent data show that more than 19 million documents are retrieved by the public every month using this system. GPO strongly supports the increased dissemination of Government information in electronic formats, and GPO Access today is one of the leading Federal sites on the Internet. The GPO home page, at www.access.gpo.gov, provides free public access to more than 70 Federal databases from all three branches of the Government, a growing number of agency Government Information Locator Service (GILS) sites, and associated locator and Pathway aids.

GPO provides all of its services in a non-partisan, service-oriented environment that emphasizes the primacy of the customer's requirements for timeliness, quality, security, and economy. GPO is committed to achieving the greatest access and equity in information dissemination through printed publications, CD-ROM, and online information technologies. GPO's electronic and traditional technologies simultaneously enable it to facilitate the re-engineering of information products to satisfy the Government's changing information requirements, and to preserve and protect public access to Government information for all citizens.

GPO programs reduce the need for duplicative production facilities throughout the Government, achieve significant taxpayer saving through a centralized production and procurement system, and enhance public access to Government information, which is increasingly valuable to all Americans in the Information Age.

GPO currently has a workforce of approximately 3,3000 skilled individuals in printing, procurement, electronic information technologies, documents dissemination, administrative, and related specialties. Most of the GPO workforce is located in Washington, DC. GPO also has 24 GPO bookstores nationwide, 14 Regional Printing Procurement Offices (RPPO's) and 6 satellite printing procurement offices. Each satellite office reports to a specific RPPO. The Regional Printing and Procurement Division, Central Office coordinates, reviews, and evaluates RPPO's. The regional offices generated about \$192.4 million in revenue during Fiscal Year 1998.

THE OFFICE OF INSPECTOR GENERAL

The Office of Inspector General was created by the Government Printing Office Inspector General Act of 1988, which was Title II of Public Law 100-504 (October 18, 1988). Title I of that Public Law is known as the Inspector General Act Amendments of 1988, and created offices of Inspectors General in designated Federal entities. Because GPO is a legislative branch agency, the GPO OIG was established separately. However, the GPO Inspector General shares the same duties, responsibilities, and authority as the Inspectors General in the designated Federal entities, except that there is no statutory prohibition against assigning program operating responsibilities to the GPO Office of Inspector General. Another exception is that Public Law 104-316, the General Accounting Office Act of 1996, provides that the GPO Inspector General conducts audits under the direction of the Joint Committee on Printing, and conducts annual audits of the GPO financial statement when requested by the Joint Committee on Printing.

The mission of the OIG is to prevent and detect fraud, waste, and abuse as well as to promote economy, efficiency, and effectiveness in GPO's programs and operations. To meet these responsibilities, the OIG conducts audits and investigations through its Office of Audits (OA) and Office of Investigations (OI). The Inspector General has been a member of and active in the President's Executive Council on Integrity and Efficiency (ECIE) since the Council was established in 1992 by Executive Order 12805.

As of September 30, 1999, the OIG consisted of 27 budgeted positions, with 27 employees on-board: 13 auditors, 8 investigators, 3 secretaries, the Inspector General, and 2 information systems support personnel. The OIG budget for FY 1999 was \$3,157,011.

Office of Investigations

The Office of Investigations conducts and coordinates investigations relating to employee misconduct and monetary or material losses occurring in U.S. Government Printing Office programs and operations. These investigations may include contractors, program participants, and/or GPO officials and other employees. Special Agents in the Office of Investigations are also designated as special policemen pursuant to 44 U.S.C. § 317, and have full law enforcement authority on premises occupied or under the control of GPO and adjacent areas.

The OI's independent, or joint investigations with Federal or non-Federal investigative agencies, may result in criminal prosecution, civil proceedings and/or imposition of administrative sanctions. Prosecutions may result in court-imposed prison terms, probation, fines, and/or restitution.

The OI continues an aggressive effort to detect, prevent, and investigate the loss of Government assets. The OI reviews Federal and GPO programs susceptible to fraud waste and abuse in coordination with the Office of Audits. In addition, the OI seeks to recover monetary funds and investigative costs payable directly to the GPO as part of criminal and civil adjudication, or through administratively negotiated settlements.

During the reporting period, the OI's investigative resources were deployed in response to complaints, referrals, and hotline matters involving illegal drugs, fraud, waste, abuse and/or mismanagement. The OI also continued to conduct investigations initiated during previous reporting periods.

Office of Audits

The Office of Audits, as required by the Government Printing Office Inspector General Act of 1988:

1. Conducts independent and objective audits relating to GPO;
2. Provides leadership and coordination, and recommend policies to promote the economy, efficiency, and effectiveness of GPO's programs, operations, and activities; and
3. Keeps the Public Printer and Congress fully and currently informed about problems and deficiencies relating to the administration and operations of the GPO.

The OA conducts performance audits, financial audits, and special reviews to accomplish its audit mission. All OIG audits are performed under the direction of the Joint Committee on Printing, and in accordance with applicable Government Auditing Standards promulgated by the Comptroller General of the United States.

Office of Investigations

A. Summary of Investigations

During this reporting period, the GPO OIG Hotline program for Drug, Fraud, Waste, and Abuse received 4 fraud-related allegations, and 5 calls for information, for a total of 9 matters. Of that number:

- 2 complaints were referred to GPO management for resolution;
- 3 fraud investigations were initiated; and
- 4 telephone calls did not warrant any investigation.

The Inspector General declined to undertake an investigation requested by a U.S. Representative regarding the Census Monitoring Board, because the investigation would not have been within the OIG's statutory jurisdiction to conduct investigations.

The following table summarizes the OI's investigative case workload during this reporting period.

**Summary of Investigative Case Workload
as of September 30, 1999**

Workload Analysis	Number of Cases
Beginning Case Workload - 04/01/99	46
Add: New Cases Opened	36
Less: Cases Closed	46
Ending Case Workload - 09/30/99	36

The OI opened 36 investigative cases during this reporting period in response to new complaints or allegations. The 46 cases closed during the reporting period consisted of 24 cases from prior periods and 22 cases from the current reporting period. The 36 open investigative cases include 15 cases from the current period and 21 cases from prior reporting periods. Ten administrative subpoenas were issued for documents in 7 cases. There was no instance of noncompliance with a subpoena.

B. Investigative Accomplishments

1. The OI continues to see an increase of false statement allegations involving the Office of Workers' Compensation Program (OWCP). New steps were taken to better address the overall handling of the GPO's OWCP and subsequent investigations into alleged violations. This initiative results from prior meetings with representatives of the Department of Labor, Federal Employees Compensation Act (FECA) Program, and GPO's OWCP, to determine the most effective manner for conducting future investigations into alleged violations of the FECA program. The GPO realized cost savings in the OWCP as a direct result of OI activities. The OI anticipates additional cost savings in future reporting periods
2. The Assistant Inspector General for Investigative Operations and Administration was awarded the President's Executive Council on Integrity and Efficiency (ECIE) Award for Excellence for his part in a joint OI-OA investigation into the embezzlement of approximately \$35,000 by the GPO Disbursing Officer, which resulted in her conviction in Federal court.

C. Types of Cases

The OI's investigative workload has been categorized into five major areas that are based on the types of investigations, as follows:

1. Workers' Compensation Program (WCP)

The OI investigates GPO employees who have allegedly submitted false claims and made false statements to facilitate receipt of workers' compensation benefits. The OI currently has 3 open investigations involving alleged WCP fraud.

Four prior and one current reporting period WCP investigations were closed during this reporting period due to either resolution or insufficient evidence of wrongdoing.

2. Procurement Fraud

The OI investigates allegations of statutory violations involving GPO contractor service providers defrauding the Government in connection with GPO's procurement of printing, goods, and services. These violations include, but are not limited to, false claims, false statements, wire and mail fraud, product substitution, and Small Disadvantaged Business Program violations.

The OI currently has three open procurement fraud investigations. One is from a prior reporting period and two are from the current reporting period. In addition, four fraud cases were referred to U.S. Attorneys for prosecution during previous reporting periods. Prosecutive action on all matters is pending.

Two prior and one current investigation involving GPO contractors have been referred to the Office of General Counsel (OGC) for administrative action by the GPO debarring official. These cases are pending final disposition.

The OI closed eight contract fraud investigations from prior reporting periods, and four investigations from the current reporting period, for a total of 12 closed investigations.

3. Employee Misconduct

The OI investigates allegations involving GPO employee misconduct. These allegations include, but are not limited to, time and attendance fraud, theft, assaults, drug violations, gambling, kickbacks, and travel voucher fraud.

The OI currently has a total of nine active misconduct investigations. Four are from prior reporting periods and five are from the current reporting period. In addition, four misconduct investigations from prior reporting periods have been referred for administrative action.

During the reporting period, a total of 20 employee misconduct investigations were closed. Of that number, nine were from prior reporting periods and 11 from the current reporting period.

4. Title 44, United States Code (U.S.C.) Violations

The OI investigates allegations involving reported violations of Title 44 U.S.C. (*Public Printing and Documents*). These include Federal agencies allegedly circumventing GPO by procuring printing services in violation of the law. The OI also investigates allegations of violations of Title 31 U.S.C. (*Money and Finance*) which may arise from violations of Title 44. Title 31 violations occur as a result of Federal employees expending their agency's congressionally-appropriated funds for printing services provided by contractors other than the GPO. The OI currently has no open Title 44 investigations.

5. Miscellaneous Investigations

The OI also investigates matters of a miscellaneous nature. These matters include, but are not limited to, alleged violations of GPO rules, regulations, or policies. In addition, the OI conducts Local Agency Checks for the GPO's Personnel Security Specialist (PSS).

The OI received nine requests for Local Agency Checks from the agency PSS during the current reporting period. The results of seven of these two cases were referred back to the PSS for any necessary administrative action. Two current reporting period cases remain open.

The OI closed a total of eight miscellaneous cases: one from a prior reporting period and seven from the current reporting period.

D. Status of Action on Referrals

The OI's investigative efforts result in both external and internal referrals for action. A summary of outstanding referrals by the OI follows:

1. External

- U.S. Attorney's Office (USAO)/ State Attorney's Office (SAO):

The OI presented a total of 15 investigations to USAO's for criminal prosecution during this reporting period. Prosecution was declined in 13 of those cases.

One OI investigation, which was presented for criminal prosecution during the current reporting period, was also declined for civil prosecution.

A total of five investigations presented to USAO's are still pending final action by those offices. Four are contract fraud cases, and one is related to allegations of threats and assault. In the threats case, the trial of the GPO employee has been continued twice in the District of Columbia Superior Court. The original trial date of July 27, 1999, was continued to September 22, 1999, and has again been continued to January 18, 2000, despite the case having been ready for trial. The defendant, meanwhile, remains on paid administrative leave, although her status is under review.

In a case pending in the Southern District of Ohio, a printing company is facing civil penalties under the False Claims Act for presenting false or fraudulent claims to the United States for payment in connection with illegally subcontracting the predominant production function of at least 607 GPO contracts.

In a case pending in the District of Maryland, a printing company is facing civil penalties under the False Claims Act for presenting false or fraudulent claims to the United States for payment in connection with illegally subcontracting the predominant production function of at least 100 GPO contracts.

- Other Agencies:

One OI investigation involving alleged Computer Crimes has been referred to the Australian Federal Police for action. The OI will monitor this matter and provide any necessary assistance.

2. Internal

- Office of General Counsel:

The OI has referred three contractor fraud cases to the OGC for administrative action by the GPO debarring official.

- Labor and Employee Relations Service:

Five matters have been referred to the GPO Labor and Employee Relations Service. Investigations referred included reported employee misconduct and OWCP fraud. Five referrals occurred during the current reporting period and two occurred during prior reporting periods. The OI is awaiting the final disposition of these referrals.

E. Investigative Case Dispositions

The following are representative matters handled by the OI during this reporting period.

1. Pending Matters

- A prior reporting period investigation into the alleged unauthorized entry and manipulation of government computer files (hacking), was referred to the Australian Federal Police (AFP) for investigation. This matter is being coordinated with the AFP and the Federal Bureau of Investigation.
- A prior investigation into the alleged submission of false claims by a GPO Region 3 contractor is pending civil action by the USAO for the District of Maryland. The matter involves a printing company's submission of false or fraudulent claims to the United States for payment in connection with illegally subcontracting the predominant production function of at least 100 GPO jobs.
- Two prior investigations into the alleged brokering of contracts and submission of false claims/statements by a GPO Region 5 contractor resulted in a settlement offer being made in the amount of \$300,000. This matter is pending final USAO action. The contractor remains suspended from doing business with the Government.

- A current reporting period investigation of a GPO employee regarding alleged threats and violence in the workplace was referred to agency management for action. A charge of threats to do bodily harm is pending adjudication in DC Superior Court. The same GPO employee was the subject of a prior reporting period investigation into the alleged assault of a GPO employee by the subject. This matter was referred to the GPO Employee Relations Branch for possible administrative action.
- A prior reporting period investigation of a GPO Region 3 contractor involving the submission of false claims/statements resulted in the company and two owners being debarred during this reporting period. A third owner agreed to make restitution to the GPO in the amount of \$39,820. His debarment was deferred pending final agency action based upon the final payment being made by the company.
- A Notice of Proposed Removal was issued to a GPO regional employee for his submission of false statements. The Criminal Division of the USAO for the Southern District of California declined prosecution in lieu of administrative action.
- A prior reporting period investigation of a GPO Region 3 contractor involving the alleged submission of false claims/statements was declined for criminal prosecution by the USAO for the Southern District of California. The company paid restitution to the GPO in the amount of \$7,200, of which \$5,000 was for investigative costs. The company also agreed to reduce the amount of a pending claim from \$50,054 to \$30,038. The company was issued a letter of warning, and final disposition is pending.
- A prior reporting period investigation of a GPO Region 4 contractor regarding the alleged submission of false claims/statements resulted in the company being sent a Notice of Proposed Debarment.
- A Notice of Proposed Debarment was sent to another GPO Region 4 contractor for allegedly submitting false claims/statements to the GPO for payment of GPO contracts.
- A prior reporting period investigation of a GPO employee for alleged false time and attendance was referred to the Employee Relations Branch for action.
- After the USAO declined prosecution of a GPO Region 3 contractor for allegedly submitting false claims/statements to the GPO, the company was sent a Notice of Proposed Debarment.

- A prior reporting period investigation into the alleged use of excessive force by a GPO Police Officer did not disclose sufficient evidence to support the allegation. The Officer was terminated from the GPO for unrelated matters. However, this investigation was referred to the Employee Relations Branch for action against a separate employee for the suspected use and possession of marijuana. The USAO had declined to prosecute this allegation in lieu of administrative action by the agency.

2. Closed Matters

- Two prior investigations into allegations of false claims, false statements, and conspiracy to obtain GPO contracts through fraud by two GPO Region 3 contractors, resulted in the U.S. Attorney's Office for the District of Maryland filing a civil action in U.S. District Court against the subject for violating the Civil False Claims Act. A negotiated settlement for restitution to the GPO in the amount of \$40,000 was reached between the subject and the USAO. Seven corporate and private entities have been debarred from doing business with the government for five years. This matter was closed.
- A prior investigation involving a GPO Bookstore Manager resulted in the manager resigning her position in lieu of being terminated. In addition, administrative action resulted in the recovery of \$4,103.08.
- A prior reporting period investigation into the fraudulent verification and misrepresentation of employment by a GPO employee resulted in the employee being suspended for 30 days.
- A prior reporting period investigation into allegations of false statements and OWCP fraud by a GPO employee resulted in a cost savings of \$2,657.76 in OWCP payments. The employee resigned his position in the GPO.
- A prior investigation into the alleged bribery of a GPO employee, and the theft of a U.S. Treasury check by a former GPO Region 8 contractor resulted in the subject pleading guilty to a misdemeanor charge and paying GPO \$5,719.67 in restitution. He was also fined \$50 and was sentenced to 365 days probation. The GPO employee involved in this matter was given a verbal warning.
- A prior reporting period investigation into the alleged falsification of employment information and misrepresentation resulted in the employee receiving a letter of warning.
- A current investigation of an unauthorized entry into restricted government computer files resulted in the employee's removal from the work area and

reassignment to another section in GPO. In addition, she received a 14-day suspension.

- As a result of a prior reporting period investigation, a GPO Region 3 contractor received a letter of warning for violations of the Buy American Act.
- A prior reporting period investigation of a GPO regional employee involved in the embezzlement of government funds resulted in the employee being terminated from government employment.
- The results of an OI investigation into the submission of false claims/statements in an OWCP claim, by a GPO regional employee resulted in the employee entering into a "Last Chance" agreement with the agency.
- A prior investigation into the alleged unauthorized use of government equipment and failure to cooperate with an OI investigation by a GPO employee resulted in the employee receiving a 15-day suspension.
- A prior investigation into the alleged submission of false claims/statements by a GPO Region 2 contractor resulted in the debarment of the contractor from doing business with the government.
- A prior reporting period investigation into the alleged submission of false claims by a GPO Region 3 contractor resulted in the recovery of \$620. The company was subsequently removed from the GPO's list of eligible contractors.
- A prior reporting period investigation resulted in a GPO employee receiving a letter of warning for failure to cooperate in an OI investigation.
- A prior reporting period investigation into allegations of sexual assault/harassment by three GPO male employees resulted in the employees being given verbal warnings and counseling concerning their behavior.
- A current reporting period investigation into the fraudulent manufacture and use of a GPO parking permit resulted in three employees being banned from the parking program. In addition, one of the employees made restitution to the GPO in the amount of \$480 for unpaid parking fees.
- A current reporting period investigation of a senior GPO employee for misusing a government telephone resulted in the employee receiving a verbal warning.

Productivity Statistics for the Office of Investigations

A. Investigations Initiated		36
B. Cases Closed		46
C. Arrests		2
D. Cases Presented to U.S. Attorneys/State's Attorney		16
	Criminal	15
	Criminal Declinations	13
	Civil	1
	Civil Declinations	1
E. Criminal/Civil Matters:		
	Convictions	0
	Guilty Pleas	1
	Acquittals	0
	Jail Time (days)	0
	Suspended Time (days)	0
	Probation (days)	365
	Public Service (hours)	0
	Recoveries	\$5,203
	Restitutions	\$52,740
	Fines	\$50
	Cost Savings	\$22,673
F. Total Administrative Referrals		9
Contractor	Referrals	3
	Suspensions	0
	Debarments	11
	Contract Terminations	0
	Warned/Other Actions	10
Employee	Referrals	6
	Suspensions	3
	Terminations	0
	Warned/Other Actions	13
G. Other Law Enforcement Agency Referrals		0

Office of Audits

A. Summary of Audit Activity

During the reporting period ending September 30, 1999, the Office of Audits conducted the following audits and audit-related activities:

1. Issued an interim report on the Processing of Formal Equal Employment Opportunity (EEO) Complaints.
2. Issued an audit report on the Internal Controls over the Laurel Retail Sales Outlet.
3. Issued an audit report on the Management Control Program within the Office of Information Resources Management (OIRM).
4. Performed fieldwork and prepared a report of Customer's Requisitions for issuance in the next reporting period.
5. Performed fieldwork and prepared a report on the Property Accountability and Control over property and equipment at GPO for issuance in the next reporting period.
6. Performed fieldwork and prepared a report on GPO's Ink Operations for issuance in the next reporting period.
7. Performed fieldwork and prepared a report on GPO's Equal Employment Office Contract Investigations for issuance in the next reporting period.
8. Performed fieldwork and prepared a report on the Follow-up Audit of GPO Warehouse Space for issuance in the next reporting period.
9. Performed fieldwork and prepared a report on the May 1998 Electronic Systems Development Division's Internal Control Review.
10. Performed fieldwork and prepared a report on the St. Louis Regional Printing Procurement Office for issuance in the next reporting period.
11. Performed fieldwork and prepared a report on the billings and payments for direct-deal Program 3402-S for issuance in the next reporting period.
12. Completed a Quality and Assurance Review of an OIG audit.

13. Facilitated General Accounting Office efforts to assess the status of year 2000 readiness, following the direction of the Chairman of the Senate Subcommittee on Legislative Branch Appropriations dated October 30, 1997. The OIG has provided continuous advisory, assistance and monitoring services to assist GPO management in the direction and control of the Year 2000 compliance efforts within the Agency. The OIG is also providing liaison services to assist the General Accounting Office in their audit of the Year 2000 compliance within the Legislative Branch.
14. The OIG is providing support for annual audits of GPO's financial statements. Under 44 U.S.C. § 309, an annual financial statement audit has been required beginning with GPO's FY 1997 financial statement. The audits are being conducted by KPMG LLP under a contract for which the Assistant Inspector General for Audits is the Contracting Officer's Technical Representative (COTR). In addition to serving as COTR, the OIG is providing office space, administrative support, and coordination with GPO management for the KPMG auditors. The audit of GPO's FY1999 Financial Statements has been started during this reporting period.

B. Audit Accomplishments

The OIG issued a total of four audit reports to GPO officials during the six-month reporting period ending September 30, 1999. Fieldwork was conducted on eight audits for which reports will be issued in the next reporting period.

Financial Audits

No financial audit reports were issued during this reporting period.

Performance Audits

The OA issued reports on:

- The compliance of statutory time limits for processing formal EEO complaints.
- Strengthening the internal controls over inventory, reporting, cash, and administrative areas at the Laurel Retail Sales Outlet.
- Improving the management controls within the Office of Information Resources Management.

Reports on the following subjects are being prepared for issuance in the next reporting period:

- Processing customer requisitions.
- Accountability and control over GPO property.
- Inventory practices of GPO ink operations.
- Contract investigation process within EEO.
- Follow-up of the August 1996 audit of warehouse space.
- Improving future internal control reviews in the Electronic Systems Development Division.
- Improving the internal controls and compliance with printing regulations at the St. Louis Regional Printing Procurement Office.
- Monitoring billings and payments for direct-deal Program 3402-S.

Contract Audits

The OA issued an audit report in response to a contract audit request from a Contracting Officer within the GPO Printing Procurement Department (PPD). Contract audits assist GPO Contracting Officers in evaluating proposals from GPO printing contractors in regard to negotiated procurements, contract modifications, contract termination settlements, or contractor claims. The contract audit report questioned a total of \$13,772 in unsupported costs of materials.

Investigative Support

When requested, the OA provides accounting and auditing assistance to the OIG Special Agents for both civil and criminal investigations. The OA also refers irregularities and other suspicious acts detected during audits to the OI for investigative consideration. During this period two OA auditors received an award from the Executive Council on Integrity and Efficiency recognizing their outstanding work in support of an investigation.

Significant Audit Reports

The following is a synopsis of the significant OIG audit reports issued during this reporting period.

(1) INTERIM REPORT ON THE PROCESSING OF FORMAL EQUAL EMPLOYMENT OPPORTUNITY (EEO) COMPLAINTS (Report Number 99-06)

The OIG identified several procedures that warranted immediate management attention to ensure compliance with the regulations issued by the U.S. Equal Employment Opportunity Commission, 29 CFR (Code of Federal Regulations) Part 1614. The observations and findings in this interim report were reported as a portion of a management-requested audit conducted on behalf of the Deputy Public Printer regarding the Office of Equal Employment Opportunity's Counseling and Complaints Processing Division (CCPD).

The audit found that the CCPD was not fulfilling its mission with respect to the processing of formal complaints. The office had exceeded statutory time limits for processing formal complaints in every one of its open cases. The result was that GPO employees who filed formal EEO complaints were being routinely denied the due process of the law.

The audit's recommendations to the Deputy Public Printer for immediate corrective action to improve the processing of formal complaints were implemented, and should improve GPO's compliance with statutory time limits for processing formal EEO complaints.

(2) REPORT ON THE INTERNAL CONTROLS OVER THE LAUREL RETAIL SALES OUTLET (Report Number 99-07)

The Laurel Retail Sales Outlet's main customers are book dealers who purchase publications in bulk quantities. The Outlet's Manager reports directly to the Chief, Retail Distribution Division, for the proper conduct of business and implementation of GPO and Superintendent of Documents' policies and procedures.

The audit noted that while the Outlet served the public on a self-sustaining basis, opportunities existed to improve the internal controls within four particular activities of the Outlet: inventory; reporting; cash; and administrative areas.

The audit recommendations to the Chief, Retail Distribution Division, through the Superintendent of Documents should improve the current policies and procedures the Outlet uses to accomplish its mission effectively and efficiently.

(3) REPORT ON THE MANAGEMENT CONTROL PROGRAM WITHIN THE OFFICE OF INFORMATION RESOURCES MANAGEMENT (OIRM) (Report Number 99-09)

This audit assessed the adequacy and effectiveness of OIRM's management control program. The Office, under the supervision of the Director, provides information resources management services to GPO, other Federal agencies, and private individuals. OIRM performs feasibility studies to determine the need for GPO-wide information systems and programs. OIRM also designs, develops, and maintains agency data processing, office automation, local and wide area networks, and telecommunications systems.

The audit noted that as of February 1999, OIRM had identified and completed self-assessments of six major areas involving 81 controls. While OIRM attempted to identify, assess, and test its internal controls, the work was incomplete. Of the 42 high level controls identified by us in our application of a leading comprehensive methodology, relatively few were addressed by OIRM.

The audit's recommendations to the Director should strengthen the internal controls over: (1) completing accurate self-assessments with documentation; (2) implementing and resolving open audit recommendations; (3) testing software program changes; (4) authorizing access to the computer system; (5) developing and maintaining collective and individual training plans; and (6) keeping only used systems software in the mainframe.

C. Work-In-Process

The OA has undertaken the following eight audits:

- 1. Review of the Processing of Customer's Requisitions** - on the processing of customer's requisitions. Additional fieldwork is being conducted as a result of management's comments during a meeting to discuss preliminary findings.
- 2. Review of GPO Property Accountability and Control** - on the accountability and control over GPO property. The final draft report has been distributed to management for formal comments.
- 3. Review of GPO's Ink Operations** - on the inventory practices of GPO ink operations. Audit field work has been completed and the draft audit report is being prepared for an exit conference with management.

4. **Review of GPO's Equal Employment Office Contract Investigations** – on the contract investigation process within EEO Office. Audit field work has been completed and the draft audit report is being prepared for an exit conference with management.
5. **Follow-up Review of GPO's Warehouse Space Audit Report #96-08** – on the follow-up of the August 1996 audit of warehouse space. The final draft report has been distributed to management for formal comments.
6. **Review of the May 1998 Electronic Systems Development Division's Internal Control Review** – on improving future internal control reviews prepared by the Electronic Systems Development Division. Audit field work has been completed and the draft audit report is being prepared for an exit conference with management.
7. **Review of the St. Louis Printing Procurement Office** – on improving the internal controls and complying with printing regulations at the St. Louis Regional Printing Procurement Office. Audit field work has been completed and the draft audit report is being prepared for an exit conference with management.
8. **Review of the Billings and Payments for Direct-Deal Program 3402-S** – on improving the monitoring of billings and payments for the direct deal Program 3402-S. Audit field work has been completed and the draft audit report is being prepared for an exit conference with management.

D. Advice and Assistance

The audit staff provides advice and assistance to GPO managers and others in an effort to:

1. Promote, economy, efficiency, and effectiveness in agency programs, operations, and other activities;
2. Promote compliance with laws and regulations; and,
3. Strengthen management control systems that deter, prevent, and detect fraud, waste, and abuse.

During this reporting period, the OA provided substantial advice and assistance to GPO officials and other Federal audit organizations. A brief description of each of these activities follows.

(1) GPO Internal Control Program

The OIG monitors the progress of GPO's efforts to implement and maintain an Internal Control Program under GPO Instruction 825.18A entitled *Internal Control Program*. The OIG is assessing all Internal Control Reviews conducted within the last six months of Fiscal Year 1999, and will consolidate them in an annual letter of compliance to the Public Printer as required by the Instruction.

During this reporting period, the OIG also provided advice and assistance to several GPO managers with respect to implementing effective internal control programs.

(2) Computer Systems - Year 2000 Problem

The General Accounting Office is continuing its assessment of the GPO and the overall Legislative Branch preparedness for the Year 2000. The OIG is facilitating that effort and is providing advisory and assistance services to GPO management as needed.

(3) Financial Statement Audit

The OIG is providing support for ongoing audits of GPO's financial statements. 44 U.S.C. § 309 has required an annual financial statement audit beginning with GPO's FY 1997 financial statement. The audits are being conducted by KPMG LLP under a contract for which the Assistant Inspector General for Audits is the Contracting Officer's Technical Representative (COTR). In addition to serving as COTR, the OIG provided office space, administrative support, and coordination with GPO management for the KPMG auditors.

The FY 1998 audit report resulted in the opinion that: "(1) The GPO's consolidated financial statements as of and for the year ended September 30, 1998, are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and (2) GPO management has fairly stated, in all material aspects, its assertions that internal controls in place as of September 30, 1998, provide reasonable assurance that assets were safeguarded against loss from unauthorized acquisition, use, or disposition; that controls were effective in assuring that transactions were executed in accordance with laws governing the use of budget authority and with other laws and regulations that have a direct and material effect on the financial statements; and, that transactions were properly recorded, processed, and summarized to permit the preparation of reliable financial statements and to maintain accountability for assets."

The KPMG auditors also concluded that deficiencies in the design and/or operation of GPO's EDP general controls continue to be a reportable condition. This condition had been reported in the previous audit report of GPO's FY 97 financial statement.

(4) Reimbursable Mailings Program for Laurel Operations

In May 1999, the Inspector General, the Superintendent of Documents, and the Director of the Office of Budget agreed to form a committee to review financial problems facing the GPO Reimbursable Mailings Program and to make recommendations to return the program to solvency. The mission of the Reimbursable Program is to provide storage and distribution services for Federal agencies. Work is performed by the Superintendent of Documents on a reimbursable basis for approximately 25 Federal clients and consists of the following services: mail list maintenance, bulk publication storage, product distribution, and order fulfillment activities.

An OIG auditor is the chairman of the committee, which consists of representatives from all three offices. The committee is attempting to identify long-term improvements in storage and distribution practices and procedures in the program. In addition, the committee is seeking solutions to problems of increasing expenses, decreasing revenue, and current labor and storage rates that are insufficient to recover total costs.

In August 1999, the committee presented preliminary findings and recommendations to management, and is continuing its review based on input from management at the meeting.

(5) United States Postal Service's Postal Billings

On August 4, 1999, the Public Printer asked the Inspector General to review the United States Postal Service (USPS) FY 1998 and 1999 billings to GPO, and to review GPO procedures for estimating postage for FY 2000. The OIG is working with GPO management officials to determine the accuracy of a \$4.55 million USPS billing adjustment for FY 1998, and to recommend improving controls over the managing of future postal billings.

E. Outstanding Significant Audit Recommendations

GPO management officials have not completely implemented all of the significant recommendations contained in audit reports issued during prior semiannual reporting periods. Management has stated that progress during this reporting period has been limited due to the emphasis on resolving Y2K issues with limited resources.

In addition, GPO's financial statement auditors have reviewed a substantial portion of GPO's audit universe. They have incorporated the significant outstanding audit recommendations from prior periods into their annual reports. These are reviewed and updated annually during the required financial statement audit. To avoid duplicating efforts, as required by the Inspector General Act, we monitor and review management's progress through their work.

OTHER INSPECTOR GENERAL ACTIVITIES

A. Comments on GPO Instructions and Assistance to Management

The Inspector General continued to work with three other GPO offices as a member of a screening committee to review sexual harassment allegations and to coordinate the agency's response, including determining what, if any, immediate action needs to be taken to minimize the harm and to protect the complainant, witnesses, and evidence. During this reporting period there were meetings of the screening committee to consider two new allegations of sexual harassment. As a result, the OIG conducted an investigation of one complaint, and assisted another GPO office in conducting an investigation of the other complaint.

The Inspector General assisted management by detailing two OIG auditors to alleviate temporary staff shortages in critical agency programs. When the Chief of the Physical Security Group retired, the Director of the Office of Administrative Support requested assistance from the OIG. The Inspector General responded by temporarily detailing a Supervisory Auditor to assist the Director until a replacement for the Chief of Physical Security could be hired. When personnel in the Complaints Processing Division of the Office of Equal Employment Opportunity (OEEO) were transferred out of that office as a result of OIG audit recommendations, the Director of OEEO requested assistance from the OIG. The Inspector General responded by detailing an OIG auditor with knowledge of complaint processing procedures to the OEEO to assist in processing formal complaints until replacement staff could be hired. Both of the detailed auditors are scheduled to return to the OIG in November 1999.

The Inspector General distributed copies of a March 1999, audit report entitled "Review of the National Institutes of Health Printing Program," to members of the Joint Committee on Printing. The audit was conducted by the Inspector General of the U.S. Department of Health and Human Services, and the final report was issued March 19, 1999. The report highlights the problem of fugitive documents that can result when Federal agencies fail to comply with the printing and dissemination requirements of Title 44, United States Code.

The Inspector General commented on a draft GPO publication entitled "GPO Property Management Program," prepared by the GPO Office of the Comptroller. The draft publication will establish a new intranet-based property management and control system

for GPO. The new system will address most of the issues being identified in the OIG review of GPO property accountability and control.

The Inspector General and his two Assistant Inspectors General participated in a panel responding to questions from a GPO Committee studying how to eliminate waste in the GPO workers' compensation program.

The Inspector General and the Office of Investigations staff met with the Chief of the Public Corruption/Government Fraud Section of the Office of the U.S. Attorney for the District of Columbia to discuss common interests in investigating and prosecuting violations Federal criminal law. Representatives of the Office of General Counsel and the Commander of the GPO Police also attended.

The Inspector General met with other Inspectors General from the ECIE to brief the new Inspector General of Montgomery County, Maryland, and his deputy on issues regarding the operation of an Office of Inspector General.

The Inspector General continued to participate in activities of the ECIE, including attending monthly meetings, attending the joint PCIE/ECIE annual conference at the NASA Goddard Space Flight Center in Greenbelt, Maryland, and attending a meeting of the Inspectors General sponsored by U.S. Representative Pete Sessions, Chairman of the Congressional Results Caucus.

B. Legislation

The Inspector General worked with a group of Inspectors General from Designated Federal Entities (DFEs) to address issues regarding Inspector General independence. As part of this effort, the Inspector General worked with a committee of Inspectors General to coordinate a response from the DFE Inspectors General to a number of bills pending in Congress which would affect Inspector General independence.

A. Statistical Table on Audit Reports with Questioned Costs

Description	Number of Reports	Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period	1	\$ 0	\$ 25,849
B. Which were issued during the reporting period	1	\$ 0	\$ 13,772
C. Subtotals (A+B)	2	\$ 0	\$ 39,621
D. For which a management decision was made during the reporting period	1		
1. Dollar value of disallowed costs		\$ 0	\$ 5,833
2. Dollar value of allowed costs		\$ 0	\$ 20,016
E. For which no management decision has been made by the end of the reporting period	1	\$ 0	\$ 13,772
F. Reports for which no management decision has been made within six months of issuance	0	\$ 0	\$ 0

**B. Statistical Table on Audit Reports with Recommendations
Involving Funds Put to Better Use**

Description	Number of Reports	Funds Put To Better Use
A. For which no management decision has been made by the commencement of the reporting period	0	\$ 0
B. Which were issued during the reporting period	0	\$ 0
Subtotals (A+B)	0	\$ 0
C. For which a management decision was made during the reporting period	0	\$ 0
1. Dollar value of recommendations that were agreed to by management	0	\$ 0
2. Dollar value of recommendations that were not agreed to by management	0	\$ 0
D. For which no management decision has been made by the end of the reporting period	0	\$ 0
E. Report for which no management decision has been made within six months of issuance	0	\$ 0

H. List of Audit Reports Issued During This Reporting Period

A. Contract Audit Reports:	Questioned Costs	Unsupported Costs
1. Contract Review (Report 99-08, Issued 09/30/99)	<div style="border: 1px dashed black; padding: 10px; text-align: center;"> <p><i>Information identifying the contractor and the associated questioned costs has not been disclosed to protect the Government's negotiating position on claims, which have not been settled.</i></p> </div>	
Totals	\$ 0	\$ 13,772

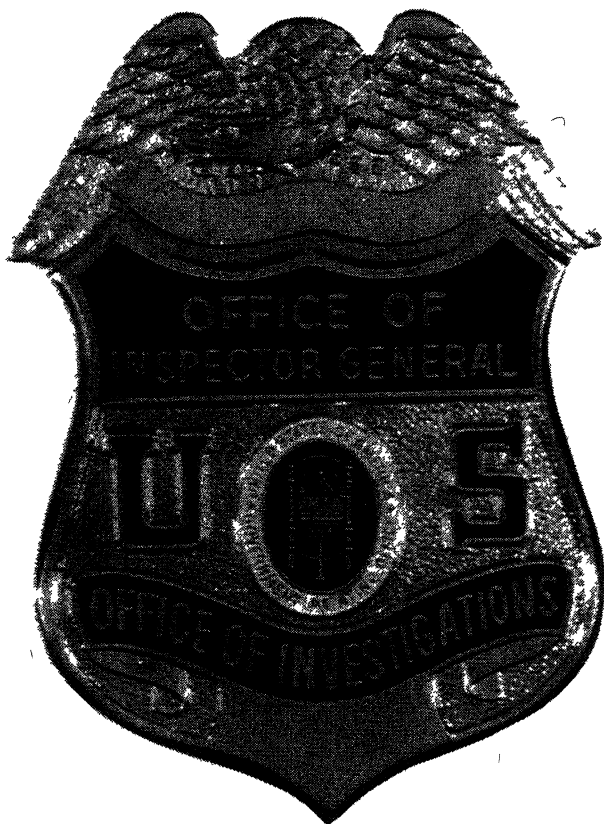
B. Other Audit Reports:	Funds Put to Better Use
1. Interim Report on the Processing of Formal Equal Employment Opportunity (EEO) Complaints (Report Number 99-06, Issued 06/11/99)	\$ 0
2. Report on the Internal Controls over the Laurel Retail Sales Outlet (Report Number 99-07, Issued 0712/99)	\$ 0
3. Report on the Management Control Program within the Office of Information Resources Management (OIRM)	\$ 0
Total	\$ 0

D. Index of Reporting Requirements

The specific reporting requirements of the Inspector General Act of 1978, as amended in 1988, are listed below with references to the pages on which they are addressed.

IG Act Section	Description	Report Page(s)
4(a)(2)	Review of legislation and regulations	25-26
5(a)(1)	Significant problems, abuses, and deficiencies	11-14 17-18
5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies	17-18
5(a)(3)	Significant recommendations included in previous reports on which corrective action has not been completed	24-25
5(a)(4)	Matters referred to prosecutive authorities	10
5(a)(5)	Summary of instances where information was refused	None
5(a)(6)	List of audit reports	17-18
5(a)(7)	Summary of significant reports	20-21
5(a)(8)	Statistical table with questioned costs	27
5(a)(9)	Statistical table with recommendations that funds be put to better use	28
5(a)(10)	Summary of audit reports issued before the commencement of the reporting period for which no management decision has been made	None
5(a)(11)	Significant revised management decisions made during the reporting period	None
5(a)(12)	Management decisions with which the Inspector General is in disagreement	None

**Reports of
Drug Activity or
Fraud, Waste and
Abuse may be made
in strict confidence
to the GPO
Inspector
General**



**Call: The toll-free
National Hotline
1-800-743-7574**

**or Write to:
Office of Inspector General
Office of Investigations
P.O. Box 1790
Washington, DC 20013-1790**

